



CITY OF INGLEWOOD

OFFICE OF THE CITY MANAGER



DATE: November 18, 2015

TO: Mayor/Chairman and Council/Successor Agency Members

FROM: Economic and Community Development Department

A Resolution of the Oversight Board to the City of Inglewood as Successor Agency to the former Inglewood Redevelopment Agency (Oversight Board) approving: (a) the Disposition and Development Agreement by and among K. P. Auto Center, L.P., City of Inglewood and the City of Inglewood as Successor Agency to the former Inglewood Redevelopment Agency; and (b) the disposition and conveyance of certain real property located at the southwest corner of Olive Street and Glasgow Avenue in the Merged Inglewood Redevelopment Project Area pursuant to the approved Long Range Property Management Plan

RECOMMENDATION:

It is recommended that the Oversight Board of the City of Inglewood take the following action:

1. Adopt the Resolution approving the Disposition and Development Agreement (Agreement) by and among the City of Inglewood (City), the City of Inglewood as Successor Agency to the former Inglewood Redevelopment Agency (Successor Agency) and K.P. Auto Center L.P. (Developer) providing for the disposition of certain Successor Agency-owned real property located at the Southwest corner of Olive Street and Glasgow Avenue (Agency Parcels) for a sales price of \$1,330,000 for its development in conjunction with certain Developer-owned real property pursuant to the terms of the Agreement.

BACKGROUND:

On or about June 28, 2011, AB IX 26 (as amended from time to time, the "Dissolution Law") became effective and was added to the laws of the State of California, providing for the dissolution and winding down of redevelopment agencies throughout the State, including the former Inglewood Redevelopment Agency (Former Agency). On February 1, 2012, pursuant to the Dissolution Law, the Former Agency was dissolved by operation of law, and upon dissolution, all assets, properties and contracts of the Former Agency, including the Agency Parcels were transferred by operation of law to the Successor Agency pursuant to the terms of California Health & Safety Code Section 34175(b).

Pursuant to the Dissolution Law, the City elected to serve in the capacity of the Successor Agency, a separate and independent public entity from the City; pursuant to which, it, administers the dissolution and wind down of all the affairs and assets of the Former Agency. In

this capacity and pursuant to California Health & Safety Code Section 34191.5(b) of the Dissolution Act, it prepared and submitted to the California Department of Finance (DOF) for review and approval a Long Range Property Management Plan (LRPMP) (that was also approved prior to and for submission by its Oversight Board to DOF) that provided for the disposition and use of certain real properties previously owned by the Former Agency, including the Agency Parcels. Following the receipt and incorporation of certain comments from the DOF into the LRPMP, including the transfer and use of the Agency Parcels, it was approved as modified by the Oversight Board and DOF.

In accordance with the approved LRPMP by DOF, the City, Successor Agency and the Developer have entered into the Agreement for the disposition of the Agency Parcels to the Developer for a sales price of \$1,330,000 development in conjunction with the "Participating Parcel" (as described below) owned by the Developer, subject to and in accordance with the terms and conditions of the Agreement.

The development of the Agency Parcels, consisting of an approximately 2.72-acre parcel, along with the adjacent Participating Parcel, consisting of approximately 1.57 acres, would provide a link between the CarMax facility located at 8611 South La Cienega Boulevard and LAX Hyundai located at 970 West Manchester Boulevard. The Developer seeks City and Successor Agency assistance in completing the Inglewood Automotive Center initially envisioned to stretch from La Cienega Boulevard to Isis Avenue. Presently, CarMax occupies 8.3 acres of the auto center and the Developer occupies and holds ownership to approximately 6.72 acres, inclusive of the Participating Parcels. The combined Agency Parcels and the Participating Parcel constitute the Site described in the Agreement and totals approximately 4.29 acres. The Agency Parcels would also provide a connection between KP Properties and CarMax. With the addition of the Agency Parcel, the "Inglewood Auto Mall" concept would result in an approximately 17.72 acres of auto sales and related auto uses in the area.

In June 2011, the Developer was notified that CarMax had terminated its agreement with the Chrysler Dealership, located adjacent to the proposed project, at 8611 South La Cienega Boulevard. Since that time the Developer has been in negotiating with Chrysler to re-establish and retain Chrysler as a dealership in the City of Inglewood. In July 2011, the Developer submitted a revised proposal and site design, incorporating a Chrysler dealership which includes the construction of a one-story approximately 10,000 square-foot building, retrofitting of an existing 36,000 square-foot building used for automobile service and repair, as well as appropriate and necessary landscaping and parking. If developed as proposed by the Agreement, the Inglewood Auto Mall would include the addition of both LAX Chrysler/Jeep/Dodge/Ram and LAX Hyundai.

DISCUSSION:

The proposed Disposition and Development Agreement requires the Successor Agency to sell the Agency Parcels to the Developer for a purchase price of \$1.330 million and its development in conjunction with the Participating Parcel of an automobile sales and retail center on the Site that consisting of th4e construction of an approximately 10,000 square foot building with a 2,000 square foot mezzanine and retrofit of an existing 36,000 square foot building; both of which, shall be integrally utilized as part of the for the "Inglewood Auto Mall" concept. The purpose of the Agreement is to also effectuate the Redevelopment Plan (Redevelopment Plan) for the Merged

Imperial-Prairie Redevelopment Project Area (Project Area).

The proposed development has the potential of creating approximately sixty (60) new jobs and generate approximately \$310,000 in general fund revenue for the City of Inglewood. The development of the Site will also serve to meet the objectives of redevelopment by concentrated efforts on selected land assembly and the ultimate development of necessary commercial and industrial uses in the area.

There are known soil and groundwater contamination issues affecting the Agency Parcels. The Los Angeles County Regional Water Quality Control Board has ordered the Successor Agency to perform certain groundwater monitoring and testing. The Agreement provides for the Successor Agency to continue paying for the groundwater monitoring and testing as well as any other required investigation associated with the groundwater until conveyance of the Agency Parcels to the Developer; after which, all such obligations and responsibilities shall be the Developer's.

An independent appraisal has been prepared on behalf of the City and the Successor Agency to establish the fair market value of the Agency Parcels pursuant to the Dissolution Law. The appraisal takes into consideration the following factors in establishing the fair market value of the Agency Parcels: (i) the major responsibilities imposed on the parties including the construction cost of the development, the remediation costs associated with the cleanup of the soil and related hazardous waste and groundwater contamination requirements required by the Los Angeles Regional Water Quality Control Board; and (ii) the estimated value of the fee interest of the Agency Parcels to be conveyed to the Developer at the highest use permitted under the Site's zoning and land use regulations.

FINANCIAL/FUNDING ISSUES AND SOURCES:

The Successor Agency will receive \$1,330,000 in land sale proceeds to be disbursed in accordance with the requirements of the Dissolution Law.

DESCRIPTION OF ANY ATTACHMENT:

Attachment 1 – Resolution Approving the Disposition and Development Agreement

Attachment 2 – Disposition and Development Agreement

Attachment 3 – Appraisal Summary of Salient Points

APPROVAL VERIFICATION SHEET

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PREPARED AND REVIEWED BY:

Prepared and Presented By Margarita Cruz, Oversight Board Member

Reviewed and Approved by Royce Jones, Special Legal Counsel to the Successor
Agency.